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MEDICAID MEMO

TO: All Providers participating in the Virginia Medical Assistance and FAMIS Programs and all Managed Care Organizations

FROM: Patrick W. Finnerty, Director
Department of Medical Assistance Services

MEMO Special
DATE 8/8/2003

SUBJECT: Escalation of HIPAA Transactions and Code Sets Testing

The purpose of this memorandum is to update you on the status of Department of Medical Assistance Services (DMAS) provider's and trading partner's HIPAA-readiness and to reiterate the steps you need to take to comply with the Electronic Transactions and Code sets of the Health Insurance Portability and Accountability Act (HIPAA) testing procedures as the October 16, 2003, deadline approaches.

To help ensure your electronic transactions are not rejected, we encourage you to **escalate your testing activities** either directly or through your vendor. Using Electronic Data Interchange (EDI) claims transactions (ASC X12 837) is an efficient way to submit claims. The sooner you successfully complete testing, the more likely your electronic claim submissions will be successful. We also encourage using the electronic remittance advice (ASC X12 835), which should be tested as soon as possible, as well.

FEWER THAN 90 DAYS FOR HIPAA COMPLIANCE

DMAS urges providers/trading partners to become HIPAA-ready as soon as possible. Since DMAS began testing with trading partners on April 16, 2003, only 31 of the approximately 850 trading-partner service centers have started testing inbound transactions (claims) with DMAS, and only 33 trading partners have tested outbound transactions (remittance advices). There are fewer than 90 days for the remainder to test transactions and get them approved.

GETTING STARTED

The following is a 5-step guideline to complete testing. If you do not have a Service Center but submit your own transactions, follow steps 1 through 5. If you have a Service Center, follow step 1 and contact your Service Center to ensure it has followed Steps 2 through 5.

1. From the First Health Services Corporation (FHSC) website, <http://virginia.fhsc.com>, download the *Service Center Authorization* form and select the electronic transactions to be tested. This will authorize the Service Center to conduct electronic business for you. The *Service Center User Manual* is also located at this site and contains the instructions for the form. Send the form to the FHSC EDI Coordinator, as stated in the *Service Center User Manual*.
2. From the FHSC website, download the Companion Guides for the transactions that you will use. Ensure you have coded the transaction formats.
3. From the FHSC website, select Forms and complete the following:
 - *Submission of Electronic Transaction Agreements for SC* form
 - *Service Center Operational Information* form

Complete these forms and send them to the FHSC EDI Coordinator as stated in the *Service Center User Manual*.

4. Establish FTP communications (see the *Service Center User Manual and Further Guidelines* for Submitting Electronic Transactions links on the website). When you are ready to test, contact the FHSC EDI Coordinator by e-mail or by phone with your Service Center number, and notify them of the test file content, and provide them with a contact for receiving the test results, then transmit the file.
5. The FHSC EDI Coordinator will advise you that the test-file results are available by e-mail or by phone. Once you receive approval, you may send or receive electronic transactions.

DMAS asks that you take the following actions immediately:

- **Whether you have a software vendor to create your own transactions or you use a clearinghouse vendor (Service Center),** ask where the vendor is in the testing phase of receiving DMAS approval. **Note: Just asking if the vendor is HIPAA compliant is not sufficient.** Encourage your vendor to provide you weekly notifications of its testing progress.
- **If you have not yet decided on an electronic solution,** investigate alternatives as soon as possible.

To help you get ready, we have included two attachments from CMS' web site entitled "Helpful HIPAA Resources for Medicaid Providers" and "Questions to ask Vendors, TPAs, or Clearinghouses." In addition, please use the websites listed below to begin testing.

DMAS' HIPAA WEBSITE FOR TECHNICAL AND TESTING INFORMATION

Through FHSC, DMAS has a HIPAA technical website for your use. It provides technical and general testing information about HIPAA and is also where we convey provider-related Transaction and Code Set information. For up-to-date information about DMAS' HIPAA testing and compliance guidelines, continue to check this web site at <http://virginia.fhsc.com>.

DMAS' HIPAA WEBSITE FOR FUNCTIONAL INFORMATION

For enrolled providers, special interest groups, and other DMAS business associates, DMAS has another HIPAA website where we convey provider-related information and general information about HIPAA Medicaid Memos. For current information on DMAS' HIPAA-compliance initiatives, continue to check the website at <http://www.dmas.state.va.us/HIPAA>.

THIRD PARTY CERTIFICATION

DMAS has considered various options to ease the testing burden on enrolled providers. The Workgroup for EDI (WEDI) has recommended third-party certification for HIPAA-compliant Electronic Transactions and Code Sets. DMAS strongly recommends that clearinghouses, intermediaries, and providers who submit electronic transactions directly to our fiscal agent, perform transaction testing and certification with a third party. Third party testing provides error reporting and transaction certification. Third party certification will shorten the time needed to test with DMAS. DMAS has certified our outgoing transactions with Claredi. Additional information about Claredi certification is available at <http://www.claredi.com>. If you have any questions, please contact the FHSC's EDI Department by e-mail at edivmap@fhsc.com, by phone at (888) 829-5373 Option 2, or by fax at (804) 273-6797.

ELIGIBILITY AND CLAIMS STATUS INFORMATION

DMAS offers a web-based Internet option to access information regarding Medicaid eligibility, claims status, check status, service limits, prior authorization, and pharmacy prescriber identification information. The website address to use to enroll for access to this system is <http://virginia.fhsc.com>.

COPIES OF MANUALS

DMAS publishes searchable and printable copies of its provider manuals and Medicaid memoranda on the Internet. Please visit the DMAS website at www.dmas.state.va.us. Refer to the Provider Column to find Medicaid and SLH provider manuals or click on "Medicaid Memos to Providers" to see Medicaid memoranda. The Internet is the fastest way to receive provider information.

“HELPLINE”

The “HELPLINE” is available Monday through Friday from 8:30 a.m. to 4:30 p.m., except State holidays, to answer questions. The “HELPLINE” numbers are:

786-6273	Richmond area
1-800-552-8627	All other areas

Please remember that the “HELPLINE” is for provider use only.

Helpful HIPAA Resources for Medicaid Providers

June 2003

If you provide health care services to Medicaid beneficiaries, you may find the following information helpful in terms of making sure you are ready to meet the October 16, 2003 deadline for Administrative Simplification under HIPAA:

- A *HIPAA Web site dedicated to Medicaid* is located at:
<http://www.cms.hhs.gov/medicaid/hipaa/adminsim/>
- An internet browser-based *HIPAA information model to help providers* and others to conduct a HIPAA gap analysis, showing HIPAA impacts and where action will be needed to become compliant has been developed by CMS and is located at:
www.mhccm.org.
- If you would like to speak with someone at the state Medicaid office about HIPAA, see the *contact list for the names, phone numbers and e-mail addresses* of the Medicaid HIPAA Coordinator at:
<http://www.cms.hhs.gov/medicaid/hipaa/adminsim/stcoord.pdf>
- *White papers* covering a wide variety of HIPAA-related topics are available at:
<http://www.cms.hhs.gov/medicaid/hipaa/adminsim/whitepap.htm>
- A number of useful *HIPAA-related conference presentations* are available at:
<http://www.cms.hhs.gov/medicaid/hipaa/adminsim/events.htm>
- Two *HIPAA Risk Assessment Checklists*, one for Transactions and one for Privacy, have been developed and provided to states as self-assessment tools to gauge where they are in the overall picture of HIPAA implementation and compliance. Providers may find them useful, as well. They are located on the Web at: <http://www.cms.hhs.gov/medicaid/hipaa/adminsim/>
- *Contingency Planning and Direct Data Entry (DDE) Technical Assistance* packages are available on the Web at:
<http://www.cms.hhs.gov/medicaid/hipaa/adminsim/cptap.asp>
- *Provider HIPAA Readiness Checklist* - To get started moving toward compliance with the Electronic Transactions and Code Set Requirements.
<http://cms.hhs.gov/hipaa/hipaa2/ReadinessChkLst.pdf>. This is also available in Spanish at: <http://www.cms.hhs.gov/hipaa/hipaa2/education/default.asp#checklist>

- Informational papers designed to help health care professionals with the realities of HIPAA are available on the web in both English or Spanish:
 1. *HIPAA 101* - Educate yourself and your staff on the basics of HIPAA law. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/1-HIPAA101toasted3.PDF>
 2. *Are you a covered entity?* - Determine whether you are a covered entity under HIPAA. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/2-CoveredEntity.PDF>
 3. *Key HIPAA dates and tips for getting ready* - Be aware of the HIPAA deadlines right around the corner and take steps to prepare for compliance. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/3-KeyHIPAADatesandtips.PDF>
 4. *What electronic transactions and code sets are standardized under HIPAA?* - Review your business operations and the HIPAA Electronic Transactions & Code Sets. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/4-tcs.PDF>
 5. *Is your software vendor or billing service ready for HIPAA?* - Communicate with your vendors, billing services and clearinghouses. Know what questions you should be asking them. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/5-VendorBillingservice.PDF>
 6. *What to expect from your health plans* - Insure you have the necessary two-way communication with each of your health plans. This is essential for compliance. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/6-whattoexpectfromhealthplansver2.PDF>
 7. *What you need to know about testing* - Test your office operations and insure that those who electronically process claims on your behalf have a testing plan in place. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/7-testingandcertificationver2.pdf>
 8. *Trading Partner Agreements* - Investigate and understand your Trading Partner Agreements with your health plans. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/8-TPAver2.pdf>
 9. *Final steps for compliance with electronic transactions and code sets* - Take those final steps towards compliance and do not hesitate to get the help you need. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/9-Finalsteps.PDF>
 10. *Enforcement* - Learn about CMS' enforcement approach. <http://cms.hhs.gov/hipaa/hipaa2/education/infoserie/10-Enforcement.PDF>
- The Medicare HIPAA Web site is available at <http://www.cms.hhs.gov/hpaa/hipaa2> and contains information on roundtables, workshops, satellite broadcasts, etc.

October 16, 2003
Deadline for Electronic Transactions and Code Sets
QUESTIONS TO ASK VENDORS, TPAs OR CLEARINGHOUSES

If you have determined you are a covered health care provider and must comply with HIPAA, it is important to communicate often with your software vendor about their progress towards HIPAA compliance. For instance, your vendor should supply you with upgraded software that will allow you to conduct electronic transactions according to HIPAA standards come October 16, 2003. They should also be testing their software with you and your payers. If you are using a clearinghouse, or billing service or third party administrator (TPA), it is equally important to stay abreast of their HIPAA activities. As the covered health care provider it is your responsibility to ensure that on or after October 16, 2003, the transactions you conduct electronically, or the TPA or clearinghouse conducts on your behalf, are compliant with HIPAA requirements.

Talk to your Vendor / TPA / Clearinghouse Now! Ask them these questions

1. Are you working on developing software to meet your HIPAA needs?
Specifically:

- ☐ What HIPAA transactions does your product support? Claims and encounter information? Payment and remittance? Claims status inquiry? Eligibility inquiry? Referral and authorization inquiry?
- ☐ Which products do you now sell or support currently, which **will not** be supported after October 16th deadline or will not be HIPAA compliant.
- ☐ What software updates are needed for HIPAA compliance?
- ☐ Does my office need a particular release of your software to implement the HIPAA transactions or is an entire upgrade from our current version required?
- ☐ Can I upgrade to the various electronic transactions incrementally?
- ☐ What is the minimum hardware requirement for servers and workstations to run the HIPAA compliant version?
- ☐ When will the software updates be available?
- ☐ What training, support and services are available to help my office?
- ☐ Do you charge extra for training and support services?
- ☐ How do you remain current on the latest HIPAA developments? Do you belong to any of the HIPAA-related workgroups?
- ☐ Who specifically can I contact for HIPAA electronic transactions questions?

IMPORTANT: Do not assume your vendor or clearinghouse is HIPAA compliant. Communicate with them often to determine their progress. Their HIPAA readiness will directly impact your HIPAA readiness!

2. Will your software be able to support HIPAA transactions and code set requirements? Specifically:

- ☐ Do you use the official Implementation Guides for the HIPAA transactions? Is your software using the latest version of the guides (4010A)?
- ☐ Do you have the companion guides for my payers with whom I file directly?
- ☐ How does your product support collecting the required and situational claim data?
- ☐ Will your software support the required HIPAA code sets for Medical and Non-Medical?
- ☐ Is there a process for cross-walking from current codes to the HIPAA mandated codes?
- ☐ What new data will I need to start collecting?
- ☐ Are there any edits built into your software?
- ☐ Do you have a price list for the various upgrades, or new version of software?
- ☐ (For Clearinghouses) How can we submit transactions directly to you? Are there any changes in connectivity?

3. What are your electronic transactions and code set testing plans?

- ☐ How much lead time is required to install and test the software?
- ☐ How will current claims processing with existing formats proceed while testing new ones?
- ☐ Has your testing process included all of the seven types recommended by WEDI SNIP?
- ☐ Has the software received third-party certification that it can generate HIPAA compliant transactions?
- ☐ Will you send me a testing schedule that includes internal testing, testing with Medicare, testing with commercial payers, and testing with a clearinghouse (if applicable)?
- ☐ Have you tested successfully with any of my payers? Which ones?
- ☐ What are your contingency plans if you cannot be ready on time?

Need Help? CMS has many resources to help you prepare for October 16, 2003

- **Have you read our ten-part information series on electronic transactions and code sets? It is available to download for free at:**
<http://www.cms.hhs.gov/hipaa/hipaa2/education/infoserie/>
- **Or, View our webcast at:** http://www.eventstreams.com/cms/tm_001/
- **Visit us on the web at:** <http://www.cms.hhs.gov/hipaa/hipaa2>
- **Send us an e-mail at** askhipaa@cms.hhs.gov **or call us toll-free at** 866-282-0659